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USAID-RED

USAID/Honduras' Rural Economic
Diversification Program

“increasing rural incomes and employment”



USAID-RED

The Rural Economic Diversification Program (USAID-RED) is a four-year initiative of the United States Agency for International Development (USAID) with a primary goal of increasing incomes and employment opportunities in Honduran rural communities. USAID-

RED focuses on: increasing the competitiveness of Honduran micro, small- and medium-size rural enterprises (MSMEs); expanding local and export market sales for MSMEs; and promoting increased private-sector production and investments in higher-value and value-added products.



USAID-RED is one of the USAID/Honduras mission's primary mechanisms for helping rural busi-

nesses take advantage of new market opportunities afforded by the Central American Free Trade Agreement (CAFTA). In addition to supporting the expansion and diversification of nontraditional, value-added agricultural products for rural producers, the program also helps clients meet increasingly stringent sanitary and phytosanitary (SPS) regulations in order to ensure competitive access to world markets.



AGRIBUSINESS – RURAL “ENGINE OF GROWTH”

USAID-RED targets the agribusiness sector as an “engine of growth,” given its high multiplier effects within the rural economy and its ability to quickly increase incomes and employment. Agribusiness subsectors targeted by USAID-RED include:

- Fresh horticulture (a wide-range of temperate and tropical fruits and vegetables)
- Floraculture products
- Processed horticultural products (frozen, canned, dehydrated, fresh cut, ready-to-eat, in brine and microprocessor products)
- Milk production and processed dairy products
- Aquaculture (small- and medium-scale tilapia production)
- Agricultural products best suited for smallholder production (hard woods, “fast” woods, vanilla, black pepper and other spices)

Within each targeted sector, USAID-RED provides technical assistance and training along the entire value chain both directly and in conjunction with private-sector counterparts and organizations, including:

- Marketing
- Research and Product Development
- Production
- Postharvest Handling
- Processing
- Food Safety and Sanitary/Phytosanitary Systems (SPS)

Through USAID-RED’s lead partners — farmers, farmer groups, exporters, processors and other rural businesses — USAID-RED promotes new technologies that increase productivity, quality and incomes. USAID-RED also emphasizes diversification and value-added production to increase incomes for lead clients. Diversification ensures lead clients a competitive foothold in local and global markets and helps them take advantage of CAFTA. Lead partners are selected through a stringent application process.

NON-AGRICULTURAL PILOT AND ALLIANCE PROGRAMS

Through partnerships with Honduran counterpart organizations and program-funded pilot projects, USAID-RED also provides support to other rural business activities, including business development services (BDS), wood products, light manufacturing, small-scale rural electrification, tourism and other enterprises with forward and backward linkages to farmers. USAID-RED encourages Honduran-based organizations — both for-profit and non-profit — to submit proposals to implement pilot and alliance programs in these and other rural business sectors. Pilot and alliance programs that are most likely to receive USAID-RED funding are those that: include significant counterpart financing from other sources; have maximum impact on rural MSME sales, incomes, and employment; are environmentally-friendly; and include women, smallholders, ethnic minorities and other marginalized groups.

OTHER PROGRAM SERVICES

Through its Business Development Services (BDS) component, USAID-RED works to strengthen domestic capacity of local private sector organizations — input suppliers, processors, exporters, transportation providers, educational institutions and so on — to increase the quality and quantity of their technical services to rural entrepreneurs. Commercial suppliers interested in expanding sales of goods and services to rural businesses are encouraged to apply to become formal BDS partners.

Through its MSME Finance component, USAID-RED provides services to financial institutions interested in expanding lending and other financial services to the largely untapped rural market. Technical assistance and training services for microfinance institutions (including commercial banks offering or interested in offering financial products to rural MSMEs) include product costing, product development, product testing and other institutional strengthening activities. The MSME Finance component works with sector-specific components of the project to help clients access new and improved financial products.

IMPLEMENTERS AND PARTNERS

USAID-RED is being implemented by a consortium of private-sector firms and organizations committed to expanding rural incomes and employment opportunities through market-led, commercially focused activities. Led by Fintrac Inc., a U.S.-based agribusiness firm, other key implementing partners include Land O'Lakes, Inc., Fundacion Hondureña de Investigación Agrícola (FHIA), Federación de Organizaciones Privadas de Desarrollo de Honduras (FOPRIDEH), Escuela Agrícola Panamericana (Zamorano), Secretaría de Agricultura (SAG), Secretaría de Industria y Comercio (SIC), and more than twenty other Honduran private sector alliance partners.



CONTACT INFORMATION

For more information about USAID-RED, including details for prospective clients applying for program assistance and for prospective alliance partners on joint activities, contact:

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